



IRISH LIFE INVESTMENT MANAGERS (ILIM)

The week that was – WEEK 51 (ending 18/12/2015)

"Aren't we forgetting the true meaning of this day - the birth of Santa?" – Bart Simpson

Irish exports up 17% in October – New figures published by the Central Statistics Office (CSO) show exports rose by 17% or €1.5 billion to €10.3 billion from September to October. This was mainly driven by the pharmaceutical sector. The EU accounted for 49% of exports while the U.S. was the main non-EU destination.

Irish state pension system 'unsustainable' per Milliman Actuarial Consultants – The Milliman report stated that increases in life expectancy means that the ratio of working people to those over 65 is expected to fall from over five to one today to just over two to one by 2060 with 'no easy solution' to improve matters.

Fed raise rates by 0.25% for first U.S. interest rate increase since July 2006 – No surprise as the Federal Reserve announced a 25 basis point rate rise. The Federal Open Market Committee (FOMC) also reassured markets, which responded positively, when they said they expected "only gradual increases" in the rate.

Euro-zone industrial production reports strong growth in October – Euro-area industrial production growth was much stronger than expected in October at 0.6%, and up 1.9% year-on-year. The market had expected a 0.3% gain in October. Industry as a result may make a solid contribution to GDP growth in Q4.

Brexit discussions as EU leaders gather for a two-day summit in Brussels – EU leaders attempted to tackle Britain's reform demands and refugee crisis when they met. There was some progress in the talks when it appeared that the U.K. would be allowed to deny in-work benefits to migrants for a set period if required.

Japan rolls out more stimulus – In a surprise announcement, the Bank of Japan responded to signs of an economic slowdown in the world's third-largest economy with additional stimulus. The central bank said it will buy bonds with longer maturities and will purchase 300 billion yen annually in exchange-traded funds.

The Story of the week: Charlotte Hook from the U.K. keeps her tins of Quality Street every year to gather her Christmas decorations in. She got them all out and put them in a line, and was horrified by what she saw, a continuous decrease in size. Her Facebook post resonated with many chocolate lovers - 60,000 "likes" so far.

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Index Performances and Market Data*

| Equity Markets % (in Local Currency) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD (to 18/12) |
|---|-------------|-------------|-------------|-------------|-------------|----------------------------|
| ISEQ Overall Return | -0.1 | 2.6 | 20.5 | 35.8 | 16.8 | 32.8 |
| FTSE 100 TR | 12.6 | -2.2 | 10.0 | 18.7 | 0.7 | -4.4 |
| Euro Stoxx 50 TR | -2.8 | -14.1 | 18.1 | 21.5 | 4.0 | 6.2 |
| S&P 500 TR | 15.1 | 2.1 | 16.0 | 32.4 | 13.7 | -0.6 |
| Nasdaq Composite | 16.9 | -1.8 | 15.9 | 38.3 | 13.4 | 3.9 |
| Nikkei 225 | -3.0 | -17.3 | 22.9 | 56.7 | 7.1 | 8.8 |
| MSCI Emerging Markets | 11.7 | -14.9 | 13.9 | 0.9 | 2.6 | -8.7 |
| MSCI World | 7.8 | -7.6 | 13.1 | 26.2 | 7.7 | -1.5 |
| Sovereign 10yr Bond Yields (%) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| US | 3.3 | 1.9 | 1.7 | 3.0 | 2.2 | 2.2 |
| German | 3.0 | 1.8 | 1.4 | 1.9 | 0.5 | 0.6 |
| UK | 3.4 | 2.0 | 1.9 | 3.0 | 1.9 | 1.8 |
| Japan | 1.1 | 1.0 | 0.7 | 0.7 | 0.3 | 0.3 |
| Ireland | 9.1 | 8.4 | 4.5 | 3.4 | 1.3 | 1.1 |
| Italy | 4.8 | 7.1 | 4.6 | 4.1 | 2.1 | 1.6 |
| Greece | 12.5 | 31.7 | 12.7 | 8.2 | 9.6 | 7.7 |
| Portugal | 6.6 | 13.4 | 6.9 | 6.1 | 2.7 | 2.5 |
| Spain | 5.5 | 5.1 | 5.4 | 4.1 | 1.6 | 1.8 |
| Central Bank Rates (%) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| ECB | 1 | 1 | 0.75 | 0.25 | 0.05 | 0.05 |
| Bank of England | 0.5 | 0.5 | 0.5 | 0.25 | 0.50 | 0.50 |
| US Federal Reserve | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.50 |
| Foreign Exchange Rates | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| Euro/Dollar (€/\$) | 1.34 | 1.30 | 1.31 | 1.37 | 1.21 | 1.09 |
| Euro/Sterling (€/£) | 0.86 | 0.83 | 0.81 | 0.83 | 0.78 | 0.73 |
| Sterling/Dollar (£/\$) | 1.56 | 1.55 | 1.61 | 1.65 | 1.56 | 1.49 |
| IPD All Property Return (%) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 YTD |
| Ireland | -2.4 | -2.4 | 3.1 | 12.7 | 40.1 | 10.9 (Q 2) |
| UK | 14.5 | 8.1 | 2.7 | 10.7 | 17.8 | 6.5 (Q 2) |
| US | 14.8 | 14.5 | 5.3 | 11.4 | 11.2 | 7.2 (Q 2) |

*Past performance is not a reliable guide to future performance